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The

# DEMAND and PRICE SITUATION

WASHINGTON, D. C., DEC. 1953



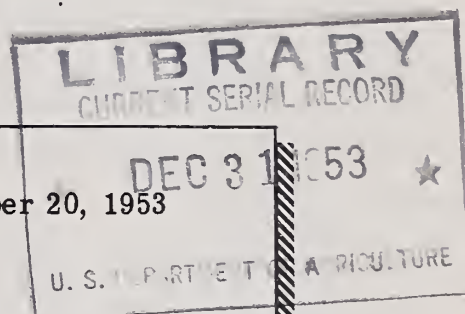
Approved by the Outlook and Situation Board, October 20, 1953

## SUMMARY

With a record volume of farm marketings in the fall, the average of prices received by farmers eased downward from the stable level of the summer months. However, central market prices of a number of major farm products have risen since mid-November as marketings passed their seasonal peaks. The stronger market also reflects the large quantities of grains and other products placed under price support so far this year.

In November higher prices for feeder livestock raised the parity index (prices paid by farmers including interest, taxes and wage rates) by 1 point. With prices received down slightly, the parity ratio fell to 90 percent, 1 point below October and 8 points below November 1952.

Economic activity declined a little more in the early part of the fourth quarter as output of the Nation's factories and mines continued to ease off. Employment in a number of manufacturing industries has

*(Continued on page 3)*

## ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1952		1953			
		Year	Nov.	Aug.	Sept.	Oct.	Nov.
Industrial production <u>1/</u>							
Total .....	1935-39=100	219	234	235	232	231	p228
All manufactures .....	do.	230	245	247	243	243	p241
Durable goods .....	do.	280	304	309	301	304	p299
Nondurable goods .....	do.	189	197	198	196	194	p194
Minerals .....	do.	160	171	167	169	161	p159
Construction activity <u>1/</u> #							
Contracts, total .....	1947-49=100	183	196	205	218	229	
Contracts, residential .....	do.	181	178	184	180	186	
Wholesale prices <u>2/</u> #							
All commodities .....	1947-49=100	112	111	111	111	110	
All commodities except farm and food .....	do.	113	113	115	115	114	
Farm products .....	do.	107	104	96	98	95	
Processed foods .....	do.	109	108	105	107	105	
Prices received and paid by farmers <u>3/</u>							
Prices received, all products .....	1910-14=100	288	277	258	256	250	249
Prices paid, interest, taxes, and wage rates .....	do.	287	282	279	277	276	277
Parity ratio .....		100	98	92	92	91	90
Consumers' price <u>2/</u> <u>4/</u> #							
Total .....	1947-49=100	114	114	115	115	115	
Food .....	do.	115	115	114	114	114	
Income							
Nonagricultural payments <u>5/</u> ...	Bil. dol.	249.9	259.1	270.7	270.0	271.0	
Production worker pay rolls <u>2/</u> #	1947-49=100	135.3	146.3	151.7	150.0	p149.3	
Weekly earnings of production workers <u>2/</u> #							
All manufacturing .....	Dollars	67.97	70.28	71.51	71.02	71.73	
Durable goods .....	do.	73.04	76.26	77.08	76.55	77.90	
Nondurable goods .....	do.	60.98	62.56	63.76	63.18	63.67	
Employment							
Total civilian <u>6/</u> .....	Millions	61.3	62.2	63.4	62.3	62.2	61.9
Nonagricultural <u>6/</u> .....	do.	54.5	55.5	56.1	55.0	55.1	55.3
Agricultural <u>6/</u> .....	do.	6.8	6.8	7.3	7.3	7.2	6.7
Government finance (Federal) <u>7/</u>	Million						
Income, cash operating .....	dollars	5,950	4,997	5,526	6,373		
Outgo, cash operating .....	do.	6,082	5,558	6,720	6,294		
Net cash operating income or outgo .....	do.	-132	-561	-1,193	78		

Annual data for the years 1929, 1932 and 1935-52 appear on page 26 of the April 1953 issue of the Demand and Price Situation.

1/ Federal Reserve Board. Construction activity revised to 1947-49 base. 2/ U. S. Department of Labor, Bureau of Labor Statistics. 3/ U. S. Department of Agriculture, Bureau of Agricultural Economics; to convert prices received and prices paid, interest, taxes, and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively. 4/ Index of change in prices of goods and services purchased by city wage-earner and clerical-worker families to maintain their level of living. 5/ U. S. Department of Commerce revised figures, seasonally adjusted at annual rates. 6/ U. S. Department of Commerce, Bureau of the Census. 7/ U. S. Department of Treasury. Data for 1952 are on average monthly basis.

# Revised series. p= Preliminary.



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not made the usual seasonal rise in recent months and overtime work has been reduced. As a consequence, wage and salary payments, adjusted for seasonal variation, have tapered off since July. Retail buying in October and November continued near the third quarter rate and slightly below the highs reached earlier this year. Business inventories rose less than usual in October but they remained high relative to sales.

Although production and employment have eased recently in some industries, further declines in economic activity in coming months are expected to be moderate. Business outlays for new plant and equipment are down only slightly from the record third quarter rate and are not expected to decline much further in the early part of 1954. Construction activity has been at a record level so far this year and is expected to continue relatively high this winter. Government outlays for national security programs may shade off gradually but total demands on the economy by Federal, State and local Governments probably will hold near current rates during the next few months. A reduction of approximately 10 percent in income tax rates scheduled for January will help to offset the effect of sagging income payments on consumer demand.

## Commodity Highlights

Feeding reports indicate that the number of cattle and sheep on feed for the winter and spring markets will be smaller than a year earlier. Prices for fed cattle may not show much if any seasonal decline this winter and prices of sheep and lambs probably will strengthen. Hog prices now advancing seasonally will remain above a year ago. With milk production at a record rate in November and prospects for a large output this winter, prices of dairy products probably will continue near the equivalent of support levels. Egg production is now increasing seasonally, and prices have been declining since the latter half of November. Prices to farmers for turkeys are slightly above last year, with the increase most noticeable for hen turkeys.



Soybean prices have increased about 20 percent above the low point reached early in September, reflecting the smallest crop in recent years and heavy domestic and export demand. The price of No. 3 Yellow corn at Chicago advanced about 15 cents per bushel during November, as marketings declined sharply. Prices of other feed grains and many of the byproduct feeds also strengthened, particularly soybean meal. Wheat prices have advanced about 10 to 20 cents from late September to early December, but they are still generally below loan levels and some further advance is expected. Although the usual post-holiday weakening in demand for fresh market citrus can be expected in January, demand for citrus for freezing and canning may exceed that of a year earlier. Prices received by farmers for vegetables grown for fresh market thus far this fall have averaged somewhat below the level of a year ago. Rail movement of late crop potatoes this season to date has been only about four-fifths of the comparable movement last year, and stocks on January 1 are likely to be significantly larger than a year earlier. The supply of cotton for the 1953-54 marketing season is estimated at 21.9 million bales. Disappearance may total about 12.4 million bales, which would leave a carryover of 9.5 million bales next August, some 4 million above a year earlier. Prices of most wools in foreign markets early in December were slightly lower than a month earlier, but Boston quotations for most domestic and imported wools were the same. Auction prices for Burley tobacco through December 11 averaged 54.5 cents per pound compared with 51.3 cents in the same period last year. Marketings of the flue-cured tobacco crop are nearly completed. For the season as a whole, prices averaged 6 percent above 1952.

#### GENERAL BUSINESS CONDITIONS

Business activity in October and November continued somewhat below the high level reached earlier this year. Industrial production eased off again in November extending the moderate decline of recent months. Employment in manufacturing industries failed to rise seasonally and overtime work was reduced as production was cut back. Retail sales in October and November were near the third quarter rate and slightly down from the second quarter. Business inventories rose less than usual in October, and after seasonal adjustment, were down more than 300 million from September. Ratios of stocks to sales remain relatively high.

#### Consumer Incomes and Spending

Personal incomes reached a peak in July, eased off in August and September, and rose in October to an annual rate slightly below the 287.5 billion for July. Most of the decline after July was in wage and salary disbursements in commodity-producing industries. The rise in October was due mostly to payment of a special dividend on Government life insurance. Despite the drop in personal income in August and September, the rate for the third quarter averaged 2.4 billion above that for the second.



Personal incomes in the first 10 months of this year averaged about 6 percent above the same months of 1952. Largest increases were in wage and salary payments, with greatest gains in the commodity-producing industries. Income of business proprietors and from rent, interest, and dividends also rose during 1953, but net income of farm operators declined substantially. Nonagricultural employment in the first 10 months of 1953 was more than 5 percent higher than January-October 1952, and average hourly earnings in manufacturing were up 6 percent. The workweek in manufacturing and many other industries so far this year has averaged about the same as last year. However, there has been a gradual tapering off in the length of the average workweek since December 1952. This decline represents a substantial shrinkage in overtime work in those few industries in which such work was concentrated.

The growth in consumer credit since last summer has not contributed as much to the expansion of consumer expenditures as earlier this year. Consumer credit outstanding totaled 28.2 billion dollars at the end of October, 187 million more than a month earlier. In the second quarter of this year consumer credit rose 1,465 million, an average of 488 million a month. This compares with an increase of 568 million in the third quarter and a monthly average of 189 million dollars. In past months most of the impetus for expanding consumer credit came from installment sales of automobiles. As sales of automobiles and other consumer durables slackened in the fall, the rise in consumer credit also was restricted.

Although personal income in the third quarter, at an annual rate of 286.8 billion dollars, was 2.4 billion higher than in the second; personal consumption expenditures showed only a slight gain. Outlays for both durable and nondurable goods were down slightly from April-June, but spending on services was 1.6 billion dollars higher. Retail sales in October and November continued high, but averaged about 1 percent lower than in the second quarter after allowance for seasonal differences. Sales in November were 2 percent higher than October with some firming in sales by the general merchandise group and furniture and appliance stores. Sales by automotive dealers dropped more than usual, but those of food, apparel and drug stores, lumber, building and hardware dealers, and service stations declined less than seasonal. Sales volume in November this year about matched that of a year ago. Automotive sales were up 12 percent over the year, service stations, 6 percent and eating and drinking places, 4 percent. But these gains were offset by 13 percent lower sales by apparel stores and small decreases in sales by food, drug, furniture and appliance, and general merchandise stores.

#### Investment Spending

Domestic investment was at an annual rate of 56.5 billion dollars in the third quarter, off 4.5 billion from the second quarter. The rate of inventory accumulation was only half that of three months earlier. New construction was slightly lower, but outlays for producers durable equipment inched up to a new all-time high annual rate.

Expenditures for new plant and equipment in the third quarter rose to a record annual rate of 28.8 billion dollars, 3 percent higher than in the second, according to a joint survey made in November by the Department



of Commerce and the Securities and Exchange Commission. Outlays in the fourth quarter are expected to total around 2 percent lower. Capital expenditures by the commercial and other group--trade, service, finance, communication and construction industries--are scheduled to be 3 percent above July-September. Spending by manufacturing, railroads, and other transportation industries is expected to be off about 2 percent, mining, 4 percent, and public utilities, 9 percent.

Expenditures for new plant and equipment are expected to continue high in the first quarter of 1954, down only 1 percent from the annual rate of October-December this year. If these expectations materialize, capital outlays would be a record for the January-March period, nearly 6 percent above the relatively high total for these months in 1953.

### Construction Activity Holds

#### Up Well

Expenditures for new construction in October and November declined less than usual as weather remained good for construction. Most major types of construction continued in volume. Commercial building rose contras seasonally in both October and November and is likely to continue strong for the next several months.

Total construction outlays for the first 11 months of this year were about 7 percent higher than in the same period of last year. Commercial building which includes stores, restaurants, garages, warehouses, etc., was up more than 56 percent from a year earlier reflecting growth in new communities and new shopping centers. Related facilities such as churches, schools and recreational building also increased substantially. Industrial construction was down slightly from a year earlier as business investment in new plant tapered off. Residential building which represents about half of total private construction outlays was up 7 percent from the first 11 months of 1952. Public construction outlays were up 4 percent from a year earlier. Substantial declines in public residential building and in hospitals and institutional construction were more than offset by increases in most other public projects particularly highways, sewage and water facilities, industrial (including atomic energy) and schools.

The number of new private dwelling units started in September and October declined less than usual, and for the first 10 months totaled slightly higher than January-October last year, and above the total for any comparable period except in the boom year 1950. However, because of an overall decline in public housing starts this year, the total number of private and public dwelling units begun lagged slightly behind the first 10 months of both 1951 and 1952 and considerably behind those months in 1950. Dwelling unit authorizations in September and October suggested a relatively good volume of new home construction for November. It now appears that new dwelling units started may total close to 1.1 million in 1953.

### Inventories Down Slightly

#### But Still Large

Business inventories at the end of October totaled 79 billion dollars, down about 300 million from a month earlier. Declines were registered at



both the manufacturing and retail level. As total business sales have declined from their peak in April and inventories have continued to accumulate, stock-sales ratios have increased. This has been particularly true for durable goods where the inventory gain has been greatest. Manufacturers' stocks of durable goods at the end of October were 2.18 times sales in that month, compared with 1.86 in April this year and 1.92 in October 1952. But these stock-sales ratios are well below the 2.32 in June 1952 before the effects of the steel strike were widespread. Manufacturers' inventories of nondurables at the end of October were 1.57 times October sales, compared with 1.46 in April and 1.53 in October 1952.

Inventories in the hands of retailers have been built up gradually this year in relation to sales, but stock-sales ratios are much smaller than they were in July 1951 following the rapid inventory build-up after the Korean outbreak and considerably larger than they were in June 1950. Record postwar stocks of passenger cars were in dealers' hands at the end of October.

Table 1.- Stock-sales ratios, selected groups of retailers, for selected dates

Group	June 1950	July 1951	October 1952	October 1953
Total retail.....	1.34	1.70	1.45	1.56
Durable goods stores.....	1.50	2.44	1.89	2.09
Automotive group.....	.81	1.45	1.17	1.48
Furniture and appliances.....	2.17	3.45	2.18	2.14
Nondurable goods stores.....	1.24	1.34	1.23	1.27
Food group.....	.71	.61	.61	.60
General merchandise.....	2.06	2.46	2.07	2.24
Apparel group.....	2.72	3.34	3.02	3.71

### National Security Spending Lower

Government spending for national security in the third quarter was at an annual rate of 52 billion dollars, 1 1/2 billion below the rate of the second quarter. This decline was offset by small increases in state and local and other Federal Government outlays and total Government spending continued at the April-June rate. Treasury expenditures in October and November indicate that outlays for major national security programs may have slipped off a little further in the early part of the fourth quarter.

### Output and Employment

Industrial production in October and November continued to ease off from the reduced third quarter level. The Federal Reserve Board index of



industrial production for November was 228 (1935-39=100), down 1 percent from October, and for the first time this year was below that of the corresponding month in 1952. Most of the decline in November resulted from reductions in output of passenger cars and steel production. Auto-mobile output was down 30 percent from October as shutdowns were made for model changes and efforts were made to reduce dealer stocks. Steel production in November averaged about 90 percent of rated capacity compared with about 95 in October. The reduced output reflected the two holidays during the month, and a tendency on the part of many purchasers to adjust their inventories of steel products to the easier supply situation. Farm machinery output changed little in October after a sharp decline of several months. Activity in producers equipment industries in general held steady in October. Production of fuels, both coal and fuel oil, failed to rise seasonally because of the unusually warm weather. Output of nondurables was at about the average level of the past four months, reflecting the strength in the paper industry. Output of paper mills continued at virtual capacity.

The November production index was down 6 percent from the postwar peak reached in March this year. Output of durable goods was 9 percent below March with substantial declines for all major groups. Production of nondurables was down 3 percent, as small increases in the chemical, petroleum, alcoholic beverage, and paper industries were more than offset by declines in the other major industries. Output of minerals was down only 2 percent over the period.

Manufacturers' sales in October after seasonal adjustment were about equal to September and the same as October 1952, but were 3 percent below the average for the third quarter and 6 percent below the April-June average. Manufacturers sales of durables were off the most, but producers of nondurables also reported moderate decreases. New orders received by manufacturers, after adjustment for seasonal differences, held the same as in August and September. However, they were below July and more than 12 percent under the average of the second quarter. The major part of the decline from the second quarter occurred in new orders for durables. Sales have been running larger than new orders since March, and order backlogs have been reduced. At the end of October manufacturers' unfilled orders for durable goods totaled about 4 1/2 months sales at the October seasonally adjusted rate compared with 6 months sales a year earlier.

#### Employment Down Slightly

Nonfarm employment in mid-November estimated by the Bureau of Labor Statistics was about 370,000 below a month earlier. Retail stores added workers as the Christmas shopping season got under way, but this was more than offset by a decline in factory employment together with decreases in construction and other activities affected by cold weather. Manufacturing employment was nearly 200,000 lower than November, and the first time since mid-1952 that factory employment was below the corresponding month of a year earlier. Nonmanufacturing employment was slightly above November 1952, and was an all-time peak for the month. The factory workweek



was further reduced, to 39.9 hours compared with 41.1 a year earlier, but workers' average weekly pay remained at record levels for this time of year. Unemployment rose slightly, to 1.4 million compared with 1.2 million in October, but continued at a relatively low level. Farm employment in the last full week in November dropped to 8.1 million, 2.0 million less than a month earlier but slightly more than a year earlier. Harvesting was completed in much of the country, and field work was confined largely to the southern half of the country.

### Commodity Prices

The all commodity index of wholesale prices was stable during most of November but inched up in the latter part of the month because of a small increase in prices of farm products. This index has held around 110 percent of the 1947-49 average throughout this year. A shading off in prices of farm products has been offset by a small gain in average prices of industrial products since the early part of this year.

The index of 22 basic commodity prices on December 8 was 1 percent higher than in mid-November, reflecting contrasting movements in the prices of many commodities. Prices rose 14 percent during the period for lard, 8 percent for corn, 6 percent for rubber, 4 percent for tin, and 2 percent for rosin. Prices dropped 7 percent for cottonseed oil, 6 percent for hides, 5 percent for lead scrap, 3 percent for steel scrap and 2 percent for burlap and cocoa beans.

Table 2.- Indexes of wholesale and basic commodity prices, selected groups, December 8 with comparisons

(1947-49=100)

Group	December 8, 1953					
	percentage change from					
	Dec. 8, 1953	Nov. 17, 1953	Dec. 16, 1952	Nov. 17, 1953	Dec. 16, 1952	
<u>22 Basic Commodities</u>						
All commodities.....	88.6	87.7	89.7	1.0	- 1.2	
Foodstuffs.....	96.2	93.3	84.6	3.1	13.7	
Raw industrial.....	83.6	83.9	93.2	-.4	- 10.3	
Livestock and products..	73.0	70.2	60.7	4.0	20.3	
Metals.....	88.9	89.5	107.8	-.7	- 17.5	
Textiles and fibers.....	87.1	87.5	91.6	-.5	- 4.9	
Fats and Oils.....	71.6	70.6	56.4	1.4	27.0	
<u>Wholesale prices</u>						
All commodities.....	110.1	109.8	109.3	.3	.7	
Farm.....	94.5	93.2	99.5	.1	- 5.0	
Food, processed.....	104.4	103.9	103.1	.5	1.3	
All other than farm and food.....	114.6	114.6	112.8	0	1.6	

Farm Product PricesFirm

The index of prices received by farmers was 249 (1910-14=100) in mid-November, 1 point below October but a tenth below November 1952. Moderately lower prices for cotton in November and seasonal declines for hogs and eggs were approximately offset by higher prices for milk, wheat, and several commercial vegetables. Higher prices for feeder livestock raised the index of prices paid by farmers including interest, taxes and wage rates (the parity index) 1 point to 277 (1910-14=100). With slightly lower farm product prices the parity ratio dropped to 90 percent, 1 point below October and 8 points below November 1952.

Table 3.- Group indexes of prices received and paid by farmers,  
November 15, 1953, with comparisons

Group	(1910-14=100)				
	: Nov. 15, :		: Nov. 15, :		: November 15, 1953
	: 1953 :		: 1952 :		percentage change from
	: 1953 :		: 1952 :		Oct. 15, : Nov. 15,
					1953 : 1952
All farm products	: 249	250	: 277	1/	-10
All crops	: 234	231	: 257	1	-9
Livestock and products	: 263	267	: 295	-1	-11
Prices paid, interest,	:		:		
taxes and wage rates	: 277	276	: 282	2/	-2
Family living items	: 270	270	: 269	0	2/
Production items	: 248	246	: 266	1	-7
Parity ratio	: 90	91	: 98	-1	-8
<hr/>					
1/ Less than 0.5 percent decrease.					
2/ Less than 0.5 percent increase.					

Central market prices for a number of farm products have made substantial gains since mid-November. Average weekly prices of barrows and gilts at Chicago were up 15 percent in early December as hog prices began to advance seasonally. Slaughter cow prices were up 3 percent on the Chicago market as marketings of cattle off grass passed their seasonal peak. Corn prices (No. 3 Yellow at Chicago) on December 11 were up 10 percent from a month earlier as marketings declined sharply. Soybean prices (No. 2 Yellow at Chicago) were up 6 percent on the same date, reflecting active bidding by crushers for a comparatively small 1953 crop and a strong export demand for soybeans. Egg production is now increasing seasonally and prices are declining. Broiler prices were down sharply in early December.

The consumer price index for urban families inched up to a new record in October, about one percent above a year ago. Food and apparel prices are down a little from last year but rents and charges for most



services continued to rise over the year. Average prices paid by farmers in November for rural living items remained at 270 percent (1910-14=100) for the third consecutive month, one point above November last year. Prices of food and electrical appliances continued downward from mid-October. But these declines were offset by increases in prices of clothing, building materials, and household and auto supplies.

#### FARM INCOME

Farmers received about 28.1 billion dollars from marketings in the first 11 months of this year, 4 percent less than in 1952. Cash receipts from livestock and products were about 15.6 billion dollars, down 8 percent from last year. Lower prices are holding receipts from meat animals and dairy products down 13 and 7 percent, respectively. Receipts from poultry and eggs, however, are 8 percent above a year ago because of higher prices. Crop receipts from January through November were about 12.5 billion dollars, practically the same as in 1952, with increased receipts from wheat and corn about offset by declines in receipts from potatoes and soybeans.

Total cash receipts in November were around 3.4 billion dollars, 7 percent less than in October but slightly higher than in November 1952. Receipts from livestock and products of 1.5 billion dollars were about the same as in October but 6 percent below a year ago. Seasonally smaller crop marketings resulted in a drop of about 12 percent in crop receipts from the previous month, but they were about 10 percent above November 1952 due to increased marketings (including loans) of cotton, wheat, and corn.

#### LIVESTOCK AND MEAT

Declining marketings of meat animals will be a major price-making factor during the next few months. Hog marketings have passed their fall peak and will likely continue to decline until pigs farrowed this fall move to slaughter in volume. As in 1952 hog slaughter passed its fall high point early this year. This indicates that a large part of the spring pig crop will have moved to market by the end of the year. Hog prices, now advancing seasonally, will remain higher this winter than a year ago.

Marketings of cattle off grass have also passed their seasonal peak but may hold up better this winter and spring than usual. Prices of stockers and feeders, which have risen considerably from their October low, are not expected to change much from present levels until demand develops for cattle to go on grass next spring.

Feeding reports indicate that the number of cattle and sheep on feed for the winter and spring markets will be smaller than a year earlier. A decline in prices of fed cattle is not very likely this winter in contrast to last winter's sharp drop.

Less lamb and mutton than a year earlier is in prospect for the next several months. Marketings of sheep and lambs off ranges are tapering off and fewer moved into feed lots. Prices will probably strengthen this winter and may reach year-earlier levels.



## DAIRY PRODUCTS

With prospects that milk production will continue relatively large this winter, prices of manufactured dairy products probably will continue near the equivalent of support levels. Dairy markets firmed up in October as milk production declined seasonally and output of factory products was reduced. By mid-November the small price advances had been lost, and at the beginning of December wholesale prices were equal to or slightly under those of a year earlier, as they have been most of the year.

The annual rate of milk production reached an all-time record high in November of 125.6 billion pounds,  $4\frac{1}{2}$  percent above last year's previous high for the month. Contributing to this high rate were mild weather, liberal supplemental feeding, and a contraseasonal upturn in the proportion of cows being milked. Output for 1953 as a whole appears likely to equal or exceed the previous high of 119.8 billion pounds produced in 1945.

Price-support purchases declined to the lowest levels this year in late October as dairy markets firmed and minor quantities were sold back to private firms. In recent weeks Department purchases of butter, cheese and nonfat dry milk have increased.

For the country as a whole, supplies of both concentrates and hay are larger this year than last in relation to the number of livestock to be fed. However, supplies again vary sharply among regions, particularly in the case of hay. Hay is being moved into drought areas partly with the help of reduced freight rates and direct financial assistance by Federal and State Governments.

Stocks of dairy products are a record for this time of year. However, commercial holdings are lower than in most other recent years.

## POULTRY AND EGGS

Egg prices began to decline seasonally in late October, recovered part of the drop in mid-November, then resumed the decline. By early December, prices of most grades of egg still were slightly above a year earlier. Egg production for the last 6 months has been above a year earlier, and is now increasing seasonally. In November, output was 7 percent above the same month in 1952, mostly because of an increase in the rate of lay per bird. Egg production is likely to continue well above a year earlier until early spring, barring extreme weather conditions. By the end of March, however, production will be little if any above a year earlier. The rate of lay then is at its season peak, which has not risen much through the years, and the number of birds in laying flocks will be only slightly above 1953 levels.

The 1953 turkey crop, for which the peak of marketings is now past, numbered 8 percent fewer birds than were raised in 1952. The total weight of turkeys slaughtered this year may be as much as 12 percent below 1952. Prices to farmers are slightly above last year, with the increase more noticeable for hen turkeys.

The more favorable returns from this year's turkey crop result from lower feed prices and lower mortality as well as slightly higher turkey



prices. This has stimulated producers of turkey hatching eggs to hold back large numbers of birds for breeding for the 1954 turkey crop. The mid-November intentions of turkey breeders, which were expressed through official State testing agencies and compiled by the National Turkey Federation, indicate some increase in the number of turkeys to be retained as breeders. However, these intentions may be scaled down because of favorable prices for hen turkeys which may induce breeders to sell some of their hens rather than hold them for egg-laying, and because of publicity regarding the price effect of prospective large output of poults next spring.

#### FATS, OILS AND OILSEEDS

Soybean prices have increased about 20 percent above the low point of early September. The crop is the smallest in recent years and domestic and export demand is heavy. Market prices in mid-December indicate that farmers may be receiving as much as 25 cents per bushel above support for their beans. In September prices were about 25 cents below support.

Soybean crushing capacity has exceeded the large crops of recent years and competition for the beans has increased. This is being accentuated by the comparatively small 1953 crop, which was reduced sharply by drought and hot weather. Also, exports so far this crop year have been at a record rate. Many of the beans for export probably were purchased at the relatively low prices which prevailed until recently. Soybeans inspected for export from October 1, 1953 through December 4 totaled 15.1 million bushels, 7.5 million more than a year ago. Exports in 1952-53 reached a peak of 32 million bushels, of which 22.5 million went to Japan, Formosa and Canada. It is expected that these countries again will take substantial quantities of U. S. soybeans in 1953-54. Through mid-November farmers placed 20 million bushels of soybeans under price support programs compared with less than 6 million a year earlier.

Prices received by farmers for cottonseed and peanuts are near support but flaxseed prices are below. If the ratio of lint to cottonseed is the same as the average for the past five years, cottonseed production in 1953 would be 6.7 million tons, the largest since 1937.

The CCC on December 1 raised the minimum domestic sales price on its cottonseed oil by 1 cent to 15 cents per pound crude basis. The CCC also announced that its price would not be reduced through August 31, 1954. Market prices of cottonseed and soybean oils are somewhat below the present CCC sales price.

#### CORN AND OTHER FEEDS

The price of No. 3 Yellow corn at Chicago advanced about 15 cents per bushel from the first half of November to early in December, as marketings declined sharply. Prices of other feed grains and many of the byproduct feeds also strengthened, particularly soybean meal, reflecting the prospective smaller production from the 1953 soybean crop.

Through November 15 farmers had placed slightly more corn and much larger quantities of other feed grains under price support than in the same period of 1952. Present indications are that a record quantity of oats will



be placed under price support, and the quantity of barley will be second only to the record quantity in 1948-49. Some further strengthening of feed prices, from the seasonally low levels this fall appears probably in the early part of 1954. In November the average price received by farmers for corn was \$1.33 per bushel, 27 cents below the national average support level and 12 cents lower than a year earlier. Prices of the other feed grains also continue below the support prices and prices of most feeds are somewhat lower than a year ago. The index of prices received for feed grains was 11 percent lower in November this year than last, and the index of prices paid for all feeds purchased by farmers was 13 percent lower.

The total supply of all feed concentrates for 1953-54, including the grains and byproduct feeds, was estimated in November at 171 million tons, slightly larger than in 1952-53 and 5 percent above the 1946-50 average. The corn supply for 1953-54 is 4 percent larger than last year and the second largest on record. On the other hand, supplies of oats, barley, and sorghum grains are all below average. Supplies of high-protein feeds are expected to be a little smaller than in 1952-53, as a result of a prospective 10 percent decrease in soybean cake and meal.

#### WHEAT

Wheat prices advanced about 10 to 20 cents per bushel from late September to early December but are still generally below loan levels. A further advance is expected, with minor interruptions. Through November 15, about 408 million bushels of 1953 crop wheat were placed under support programs. Farmers have until January 31 to take advantage of these programs and it is possible that about the same quantity will be placed under support this year as the 460 million last year, even though the crop is 10 percent smaller. On December 7 the CCC owned 426 million bushels of wheat from previous harvests. Construction of new elevator storage facilities under a recently announced occupancy guarantee program will lend effectiveness to the support programs.

Wheat now owned by CCC from previous harvests plus that placed under price support programs from the 1953 crop totals around 834 million bushels. This represents a substantial part of the supply of 1,730 million bushels estimated for the 1953-54 marketing year. Accordingly, it appears that prices are likely to advance somewhat.

In an effort to expand wheat exports outside the International Wheat Agreement, the Department recently announced that the Commodity Credit Corporation is offering to sell to the regular export trade a limited quantity of CCC-owned wheat for export. This would be in addition to wheat moving under the Agreement Program. The price per bushel will not be less than the Wheat Agreement price. CCC wheat also will be made available for export as flour.

#### FRUIT

Continued strong demand is in prospect for fruit this winter. Although the usual post-holiday weakening in demand for fresh market citrus can be expected in January, demand for citrus for freezing and canning may



exceed that of a year earlier. At the start of the new pack season on November 1, stocks of canned and frozen citrus juices held by Florida packers were much smaller than a year earlier, and retail prices were higher. Average prices received by growers for citrus this winter may not be greatly different from the levels of last winter.

With demand strong and the new season earlier than a year ago, utilization of Florida oranges and grapefruit was considerably heavier through December 5 of the 1953-54 season than in the same part of 1952-53. Use of oranges for canning and freezing increased 72 percent and that of grapefruit 55 percent. This heavier early-season utilization partly offsets the increases in the 1953-54 crops. Hence, supplies remaining to be marketed after December 5, 1953 were only 7 percent larger for oranges and 8 percent larger for grapefruit. Season-opening prices paid by Florida packers for oranges for making into frozen orange concentrate averaged slightly higher than in the fall of 1952. In early December, auction prices for fresh oranges from Florida averaged somewhat higher than a year earlier, while those for grapefruit were a little lower.

Cold storage stocks of apples November 30, 1953 were 11 percent larger than a year earlier and those of pears were 30 percent larger. Under the export-payment program for 1953-crop winter pears, over 211,000 boxes had been declared for export by December 5, 1953. Under a similar program for raisins, over 32,000 tons had been declared for export.

#### COMMERCIAL VEGETABLES

##### For Fresh Market

Aggregate production for this season is indicated to be 2 percent less than last fall, but 1 percent above the 1949-51 average. Prices received by farmers for vegetables grown for fresh market thus far this fall have averaged somewhat below the level of a year ago. Larger supplies and lower prices than last fall were reported for fresh market snap beans, Brussels Sprouts, cabbage, and sweet corn. The fall crops of broccoli, cauliflower, cucumbers, eggplant, and lettuce are indicated to be above average but slightly to considerably below last fall. The fall crops of carrots, celery, green peas, and tomatoes are estimated to be smaller than last fall and the average for 1949-51.

#### POTATOES AND SWEETPOTATOES

Production of early potatoes for winter season harvest in the first quarter of 1954 is expected to be 25 percent smaller than last year's record output, but larger than any other winter crop of record. The winter-harvest area provides about 3 to 4 percent of the total supply available during the first quarter. Market supplies will come almost entirely from late crop States where production this year totaled 3 percent more than last year. Rail movement of the late crop this season to date has been only about four-fifths of the comparable movement last year and stocks on January 1 are likely to be significantly larger than a year earlier.



Prices for sweetpotatoes are expected to remain lower than the record prices received for last year's small crop, but may rise a little seasonally as sweetpotatoes are now available only out of storage.

#### COTTON

The supply of cotton in the U. S. for the 1953-54 season is estimated at 21.9 million bales and disappearance is estimated at about 12.4 million. This leaves a carryover on August 1, 1954 of about 9.5 million bales, compared with 5.5 million a year earlier. About 6.5 million bales of the carryover is expected to be held or under loan to the Commodity Credit Corporation. Entries into the loan from the 1953 crop amounted to about 4.6 million bales by December 4.

U. S. exports of cotton during the current season are expected to increase moderately above the 3,048,000 bales of 1952-53. Foreign free world exporting countries started the current season with stocks of about 2 million bales available for export, much of which will probably be sold during 1953-54. However, foreign free world production will probably decline about 80 thousand bales from the 1952-53 level, and foreign free world cotton consumption may be about 17 million bales compared with the past World War II record of 16.5 million in 1952-53.

The rate of domestic mill consumption of cotton from August 1 through October 31 was about 4 percent below the rate of approximately the same period a year earlier. The average daily rate of consumption declined contraseasonally in September and October 1953.

Cotton production in the U. S. from the 1953 crop is estimated at 16.3 million running bales (16.4 million 500 pound bales). This compares with a 1952 crop of 15.0 million bales. The yield per harvested acre is estimated at 322.4 pounds, a record.

#### WOOL

Prices of most wools in foreign markets early in December were slightly lower than a month earlier while Boston quotations for most domestic and imported wools were about unchanged. Prices received by growers for shorn wool averaged 52.1 cents per pound at mid-November compared with 53.2 cents a month earlier. This was the first month of the current season for which prices received averaged below the corresponding month of the previous season.

It has been announced that the national average support price for 1954 wool will be not less than 52.1 cents. If the parity price for wool as of April 1, 1954, is higher, the support price will be increased to reflect 90 percent of parity at that time.

The Commonwealth Economic Committee estimates that world consumption during the third quarter was about 7 percent below that of the previous quarter. This was the first decline after a gradual rise extending through 7 quarters. The estimated annual rate of consumption during the first 9 months of this year was higher than a year earlier and slightly in excess of estimated production during the 1952-53 season.



The average weekly rate of domestic mill consumption of apparel wool during September was below a year earlier for the second consecutive month. The total through September, 283 million pounds, scoured basis, was about 12 percent above last year. The rate of carpet wool consumption was below a year earlier for the first time during September. Total mill use through September amounted to 102 million pounds, scoured basis, about 23 percent above last year.

Imports of dutiable wool for consumption this year have been below last year each month except January. The clean content of the total through September was about 21 percent below last year. Monthly imports of duty-free wool this year were above a year earlier each month through August but dropped below last year during September. The clean content of imports of such wools through September was about 36 percent above last year.

#### TOBACCO

Auctions began November 30 for the 1953 Burley crop estimated at about one-eighth smaller than last year's record crop. Prices for sales of 218 million pounds through December 11 averaged 54.5 cents per pound compared with 51.3 cents in the corresponding period of a year ago. During the first three quarters of 1953, cigarette manufacture (principal outlet for Burley) averaged 2 percent below the record level of the same period in 1952. Smoking tobacco output in the first three-fourths of 1953 dropped 10 percent below the same period of a year earlier.

Marketings of the 1953 flue-cured crop are nearly completed. For the season as a whole, prices averaged about 6 percent above the 1952 season average although prices by belts varied considerably, reflecting quality differences resulting mainly from drought conditions during the growing season.

On November 27, the Department announced the 1954 marketing quotas for flue-cured, Burley, fire-cured, dark air-cured (types 35-36), and Virginia sun-cured. Flue-cured acreage allotments for most farms will be the same in 1954 as in 1953. For most farms, Burley acreage allotments were reduced 8 percent but special provisions apply to small allotments. The 1954 allotments for fire-cured and dark air-cured will be about 10 and 20 percent smaller, respectively, than in 1953 but for the relatively small Virginia sun-cured type, allotments were increased about one-fourth.

Auction prices of Virginia fire-cured (type 21) and Virginia sun-cured (type 37) averaged 34.9 and 31.9 cents per pound, respectively, from the start of sales November 30 to December 11. The prices for Virginia fire-cured were below early season prices of a year ago while prices of Virginia sun-cured averaged above a year ago. Auctions for One Sucker and Green River (types 35 and 36) were to open in mid-December. The price support levels are about 6 percent lower than last season. These types are used mostly in snuff and chewing tobacco. Output of snuff and chewing tobacco during January-September 1953 was slightly lower than in the same months of 1952.

Tax-paid consumption of cigars in the first three quarters of 1953 was indicated to be 1 or 2 percent above the comparable period of 1952.

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